

## **SCOTT TECHNOLOGY TRADING UPDATE; RISING TO THE CHALLENGE OF COVID-19**

Automation and robotics solutions provider, Scott Technology Limited (NZX: SCT), is pleased to advise that the company is continuing to recover post-lockdown and in the new COVID-operating environment, with a number of projects coming back onstream and a growing list of enquiries for the company's innovative and reliable automation and robotic solutions.

Recent activity includes:

- Signing of new contracts for materials handling and logistics solutions with a large food customer in Europe.
- Signing of a contract for an automated refuelling system for a large Australian mining company, which introduces significant safety and efficiency benefits by allowing 'monster mining trucks' to be refuelled robotically with the precise level of fuel required for the distance and payload.
- An agreement in China for the design and build of a new manufacturing line for one of the world's largest appliance brands.
- An agreement for an industrial automation solution for a company providing services to the defence sector.
- Recommended the commissioning of an appliance line for Bosch in China.
- Restarted the commissioning of an automated laboratory project in Australia, after this was initially put on hold due to COVID-19.
- Ongoing interest in Scott's Bladestop technology with the recent signing of a deal for the supply of 30 Bladestop machines to JBS USA, the world's largest protein producer.

Additionally, Scott has successfully reached an important milestone on the significant Rio Tinto contract to build and design the automated mine site laboratory for the Koodaideri Iron Ore project, located in the Pilbara region of Western Australia. Scott was awarded the contract in February 2020 and planning and development work continued despite the COVID-19 restrictions, with the company having achieved a number of progress milestones in recent weeks. Building work has commenced with site mobilisation now underway, in line with the original timetable. A number of Scott's design and build activities for the Rio project have been moved to the company's Australian operations to be closer to the customer.

CEO of Scott Technology, John Kippenberger said: "We are seeing industries and parts of operations across our global group emerging out from under the extreme environment of the pandemic at very different speeds. Examples of this can be seen in some delays to investment decisions in Europe, whereas the meat sector in North America is seeing strong demand for new robotic and automation ideology given the increased risks around COVID-19 in these cold and congested operating environments."

"While the repercussions of COVID-19 continue to affect the global economy, the return to business as usual has been more positive than we anticipated in some sectors and regions, particularly Australia, China and the New Zealand service business. Activity in the USA and Europe remains more subdued and we think it will be some time before demand in those regions returns to pre-COVID levels."

## **Rising to the challenge of the COVID-19 environment**

The company is adapting to the COVID-19 environment in a number of ways.

With a large global customer base, and operations in four regions (Europe, USA, China and ANZ), Scott Technology has adapted to the restricted travel environment by innovating with new ways of collaborating with offshore customers. The company is utilising the latest in augmented reality (AR) technology to provide real-time support to on-site, local engineers. This allows Scott's engineers to see through the eyes of the locally-based engineer, and provide real-time support and instruction, as well as uploading technical data through a visual system to the local engineer where required.

Where possible, team members are being relocated or recruited to be closer to the customer. In line with this, several senior sales executives are being appointed in the USA, where there is growing demand in the meat sector for Scott's solutions.

Cashflow management remains a priority while demand rebuilds to pre-COVID-19 levels.

## **Transition to new strategy and business model moving at pace**

Scott is moving ahead with its new Scott 2025 strategy, as detailed in its half year announcement on 8 May 2020. Work to transition to a streamlined, regionally focused business model has moved at pace, and the process has now been completed in the USA, China, Australia and New Zealand.

Scott's new strategy and streamlined business model positions the company to take advantage of the continued demand for innovative and reliable automation and robotic solutions while reducing risk and delivering earnings growth and margin improvement.

The company has also continued to build-out the strength and capabilities of the senior executive team with the appointment of Twain Drewett as Regional Director - Australia & New Zealand. Kippenberger says with the acceleration of digitisation and automation which many industries are looking towards coming out of COVID-19, the addition of Twain, with his strong engineering and systems experience from Rockwell Automation, Schneider Electric and General Electric, will add further knowledge and strength to the Scott executive team.

## **FY20 Earnings Outlook**

As advised, COVID-19 will have a material impact on Scott Technology's FY20 results (for the year ending 31 August 2020), however, revenue is expected to continue to recover as restrictions are lifted and businesses recommence projects and capital expenditure.

Scott has taken a number of measures in response to COVID-19 and the financial impact of these will be seen in the FY20 full year results. This includes costs associated with the restructuring of the global business platform to make it more efficient and deliver improved customer outcomes.

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**About Scott**

*At Scott we automate the future. The production line machinery we design and build deliver productivity gains and exceptional reliability to many of the world's leading manufacturers. We also go a step beyond engineering production solutions to actually revolutionising entire industries – using robotics to automate manual processes and create genuine competitive advantage.*

*For over 100 years Scott has looked to tomorrow and rapidly responded to shifting needs. Today, we have production bases in the United States, Belgium, Czech Republic, France, Germany, China, Australia and New Zealand, customers in 88 countries, and a real commitment to developing new technology and bringing it to market. Across everything we do you will discover true quality, advanced engineering and a renowned design aesthetic.*

*Scott. Quality that lasts. Quality that inspires.*